



# Diverse Business Enterprises (“DBE”) Readiness Checklist

For questions regarding power procurement opportunities, please contact:

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This document was created in conjunction with SCE and SDG&E as a product of the 2013 Supplier Diversity Roundtable

*Disclaimer: Completion of PG&E’s DBE Readiness Checklist does not guarantee a successful transaction with PG&E. The sole purpose of the DBE Readiness Checklist is to facilitate DBEs entering the Wholesale Power Markets.*



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# DBE Readiness Checklist

## Step 1: Prior to contacting PG&E's Energy Procurement Group

- DBE Certification
  - Review Appendix A
  - Contact Jerilyn Gleaves if you have further questions [\(click here\)](#)
  
- Contact PG&E's Energy Procurement Department to assess which products are best suited within DBE's Business Plan
  - See PG&E Energy Procurement Supplier Diversity Brochure [\(click here\)](#)
  - Contact Harold Pestana if you have further questions [\(click here\)](#)
  
- Seek Market Based Rate Authority from FERC
  
- Establish Supplier Relationships
  
- Prepare 2-3 years of audited Tax Returns or Financial Statements for DBE's legal entity
  - DBEs with less than 2 years of audited financial statements must send their first year's financial statement with an Officer's Attestation
  
- Review Energy Procurement's Request for Offer ("RFO") website for active solicitations or previous solicitations that PG&E has administered [\(click here\)](#)
  
- Review credit and transaction limit framework in Appendix B and PG&E RFO credit and collateral requirements in Appendix C
  
- Prepare cover letter describing past and current experience in the Energy and Gas Market and which markets DBE would like to participate in with PG&E

# DBE Readiness Checklist

## Step 2: Prior to RFO Submission

### Read RFO website thoroughly

- Review RFO protocol and associated documents
- Review associated PPA for Offered Product
- Review RFO requirements and deadlines
- Review RFO FAQs
- Review Gas and Electrical Interconnection
  - See Appendix F for more details
- Ask questions to RFO mailbox as listed on RFO website
  - Response times can vary significantly depending on the complexity of the questions



### Offer Submission

- Plan Ahead
- Follow offer submission instructions
- Submit competitively priced Offer(s)
- Submit complete Offer(s)

### Execute an EEI with PG&E if required for RFO

- Complete the following documents\*
  - EEI Cover Sheet Standard Form [\(click here\)](#)
  - EEI Paragraph 10 Collateral Annex [\(click here\)](#)

\*Not required for Offer submission, only at execution of transaction



# Appendix A

## DBE Certification

- CPUC recognizes DBE certification with six agencies:
  - The Supplier Clearinghouse - <http://www.thesupplierclearinghouse.com/>
  - National Minority Supplier Development Council (NMSDC) - <http://www.nmsdc.org/>
  - Women's Business Enterprise National Council (WBENC) - <http://www.wbenc.org/>
  - National Gay & Lesbian Chamber of Commerce – <http://www.nglcc.org/>
  - Small Business Administration – 8A Program only - <https://www.sba.gov/category/navigation-structure/8a-business-development-program>
  - California Department of General Services Procurement Division – For Disabled Veterans - <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>
    - Must be a registered Service Disabled Veteran in California
- CPUC offers a free searchable database for DBEs by SIC code or business description - <http://www.cpuc.ca.gov/PUC/SupplierDiversity/database.htm>
- For additional information on PG&E Supplier Diversity Program, please visit PG&E's Supplier Diversity website
  - <http://www.pge.com/supplierdiversity/>

# Appendix B

## Review DBE Credit and Transaction Limit Framework

### Wholesale Energy and Resource Adequacy Program Size and Limitations\*

- Restrictions on size of transaction
- Only sales to PG&E allowed
- All Options and Financial Products excluded
- DBE's other business engagements with PG&E will also be considered

Transaction Type	Description	Security Requirement	FTAA or Other Special Escrow Vehicles and Tri-Party Agreements
<b>Balance of Month (BOM)</b>	Contracts starting from current scheduling day to the end of the month.	Will comprise of an independent posting requirement based on transaction terms and counterparty credit worthiness.	FTAA and Tri-Party agreements may be considered.  Form of Agreement TBD.
<b>Beyond Balance of Month</b>	Transactions with tenors that go beyond BOM (e.g., Prompt, Monthly Bullets, Quarterly, etc.).		
<b>Resource Adequacy</b>	Mandatory capacity acquired to meet system and local reliability requirements.		

\* Other PG&E procurement program credit requirements are outlined in the following slide

# Appendix C

## Credit and Collateral Requirements for PG&E RFOs\*

RFO Type	PURPA AB 1613 FIT	ReMAT SB 32 (<3MW)	RAM (>3MW)		Resource Adequacy	Energy Storage	RPS
Collateral Requirement	DS = \$0 PA = \$0	DS = \$20 PA = \$20/kW	DS = \$60 PA = 5% of Expected Revenues	DS = \$90 PA = 5% of Expected Revenues	PA = 20% of Notional Value	DS = \$60 PA = \$125	DS = \$25 Existing DS = \$300 New PA = 5% of Expected Revenues
Low	Transaction Complexity		High				
Low	Credit and Collateral		High				

DS = Development Security (\$/kW)

- DS may have a different name in the RFO Protocol or PPA)

PA = Performance Assurance

- PA may have a different name in the RFO Protocol or PPA

\* Credit and Collateral requirements are public information and subject to change without notice. Other posting requirements may apply for program participation or shortlist. To the extent RFO Solicitation requirements defer from those listed above, the RFO Solicitation requirements prevail.

## Appendix D

### Current or upcoming PG&E RFOs\*

- Resource Adequacy (“RA”)
- Renewable Auction Mechanism (“RAM”)
- Greenhouse Gas Compliance Instruments (“GHG”)
- Energy Storage
- Renewables Portfolio Standard (“RPS”)
- ReMAT (RPS Feed-in-Tariff)
- Bioenergy (RPS Feed-in-Tariff)

Last Updated October 25<sup>th</sup>, 2015. Please visit [www.pge.com/rfo](http://www.pge.com/rfo) for latest info.

\* PG&E reserves the right to either suspend or terminate any of the RFOs listed above at any time for any reason whatsoever.



# Appendix E



## Other Program Details and Agreement Definitions

### ➤ Financial Statements

- Must submit 2-3 years of (audited) financial statements or tax returns.
- Firm with less than 2 years of (audited) financial statements must send their first year's financial statement with an Officer's Attestation

### ➤ Program Controls

- Collateral requirements may change based on DBE deal flow, market price or, market volatility.
- DBEs not meeting contractual terms are subject to damage payments under the contract and may be removed from PG&E's approved list of DBE counterparties

### ➤ DBE Fund Transfer Agent Agreement (FTAA)

- A third party escrow entity that receives payment from PG&E and uses the proceeds to pay the DBE's Supplier.
- Typically requested by Suppliers in deals involving DBEs.

### ➤ Tri-Party Agreement

- Contingency agreement among DBE, PG&E and ultimate supplier that specifies the assignment of legal responsibilities in the event of non-performance or default by a DBE.

### ➤ Electrical

- Review RFO requirements and timeline
- Understand if product is full capacity or energy-only deliverability
- Identify requirements for **both** CAISO controlled transmission and Utility Wholesale Distribution Transmission (“WDT”)
- Separate from RFO
  - Start early – RFO may have transmission eligibility requirements (e.g., CAISO Phase 1 study)
- Contact: [wholesalegen@pge.com](mailto:wholesalegen@pge.com)
- Review PGE’s interconnection website ([click here](#))
- CAISO
  - Full Network Model and Database Builds require long lead times and complete documentation
  - Review Generator Interconnection Procedure ([click here](#))
  - Contact: [NewResourceImplementation@caiso.com](mailto:NewResourceImplementation@caiso.com)
  - Submit facility interconnection into CAISO Cluster Study ([click here](#))

### ➤ Gas

- Review RFO requirements and timeline
- Normal response time for a Preliminary Application for Gas Service is approximately 16 weeks
  - This includes
    - Gas Impact Study (“GIS”)
    - Gas Preliminary Facilities Study (“GPFS”)
- Separate from RFO
- Contact: [CGTpipranger@pge.com](mailto:CGTpipranger@pge.com)

### ➤ General Order 156

- State program encouraging IOUs to use their purchasing power to actively seek DBE participation in the Gas and Power Markets
- DBE must be cost competitive with Non-DBE participants
- Only primary spend with DBEs at the Subcontractor level is reportable in the Supplier Diversity Annual Report

### ➤ PG&E

- Co-host outreach events with SCE and SDG&E
- Develop internal framework to help facilitate DBE participation in RFOs
- On-going program focused on sustainability that is an important initiative throughout PG&E